

B 25C (Official Form 25C) (12/08)

UNITED STATES BANKRUPTCY COURT

In re

P3 Foods LLC

Debtor

Case No.

16-320-21

Small Business Case under Chapter 11

SMALL BUSINESS MONTHLY OPERATING REPORT

Month:

January

Date filed:

October 6<sup>th</sup> 2016

Line of Business:

Burger King Franchise

NAISC Code:

122513

IN ACCORDANCE WITH TITLE 28, SECTION 1746, OF THE UNITED STATES CODE, I DECLARE UNDER PENALTY OF PERJURY THAT I HAVE EXAMINED THE FOLLOWING SMALL BUSINESS MONTHLY OPERATING REPORT AND THE ACCOMPANYING ATTACHMENTS AND, TO THE BEST OF MY KNOWLEDGE, THESE DOCUMENTS ARE TRUE, CORRECT AND COMPLETE.

RESPONSIBLE PARTY:



CEO, P3 Food LLC

Original Signature of Responsible Party

Anthony Perdomo

CEO, P3 Foods LLC

Printed Name of Responsible Party

Questionnaire: (All questions to be answered on behalf of the debtor.)

	Yes	No
1. IS THE BUSINESS STILL OPERATING?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. HAVE YOU PAID ALL YOUR BILLS ON TIME THIS MONTH?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. DID YOU PAY YOUR EMPLOYEES ON TIME?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. HAVE YOU DEPOSITED ALL THE RECEIPTS FOR YOUR BUSINESS INTO THE DIP ACCOUNT THIS MONTH?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5. HAVE YOU FILED ALL OF YOUR TAX RETURNS AND PAID ALL OF YOUR TAXES THIS MONTH?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6. HAVE YOU TIMELY FILED ALL OTHER REQUIRED GOVERNMENT FILINGS?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7. HAVE YOU PAID ALL OF YOUR INSURANCE PREMIUMS THIS MONTH?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
8. DO YOU PLAN TO CONTINUE TO OPERATE THE BUSINESS NEXT MONTH?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
9. ARE YOU CURRENT ON YOUR QUARTERLY FEE PAYMENT TO THE U.S. TRUSTEE?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
10. HAVE YOU PAID ANYTHING TO YOUR ATTORNEY OR OTHER PROFESSIONALS THIS MONTH?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
11. DID YOU HAVE ANY UNUSUAL OR SIGNIFICANT UNANTICIPATED EXPENSES THIS MONTH?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
12. HAS THE BUSINESS SOLD ANY GOODS OR PROVIDED SERVICES OR TRANSFERRED ANY ASSETS TO ANY BUSINESS RELATED TO THE DIP IN ANY WAY?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
13. DO YOU HAVE ANY BANK ACCOUNTS OPEN OTHER THAN THE DIP ACCOUNT?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

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14. HAVE YOU SOLD ANY ASSETS OTHER THAN INVENTORY THIS MONTH? ☐ ☒
15. DID ANY INSURANCE COMPANY CANCEL YOUR POLICY THIS MONTH? ☐ ☒
16. HAVE YOU BORROWED MONEY FROM ANYONE THIS MONTH? ☐ ☒
17. HAS ANYONE MADE AN INVESTMENT IN YOUR BUSINESS THIS MONTH? ☐ ☒
18. HAVE YOU PAID ANY BILLS YOU OWED BEFORE YOU FILED BANKRUPTCY? ☐ ☒

### TAXES

DO YOU HAVE ANY PAST DUE TAX RETURNS OR PAST DUE POST-PETITION TAX OBLIGATIONS? ☐ ☒

IF YES, PLEASE PROVIDE A WRITTEN EXPLANATION INCLUDING WHEN SUCH RETURNS WILL BE FILED, OR WHEN SUCH PAYMENTS WILL BE MADE AND THE SOURCE OF THE FUNDS FOR THE PAYMENT.

(Exhibit A)

### INCOME

PLEASE SEPARATELY LIST ALL OF THE INCOME YOU RECEIVED FOR THE MONTH. THE LIST SHOULD INCLUDE ALL INCOME FROM CASH AND CREDIT TRANSACTIONS. (THE U.S. TRUSTEE MAY WAIVE THIS REQUIREMENT.)

TOTAL INCOME \$

806694

### SUMMARY OF CASH ON HAND

Cash on Hand at Start of Month

\$

12600

Cash on Hand at End of Month

\$

12600

PLEASE PROVIDE THE TOTAL AMOUNT OF CASH CURRENTLY AVAILABLE TO YOU TOTAL \$

819294

(Exhibit B)

### EXPENSES

PLEASE SEPARATELY LIST ALL EXPENSES PAID BY CASH OR BY CHECK FROM YOUR BANK ACCOUNTS THIS MONTH. INCLUDE THE DATE PAID, WHO WAS PAID THE MONEY, THE PURPOSE AND THE AMOUNT. (THE U.S. TRUSTEE MAY WAIVE THIS REQUIREMENT.)

TOTAL EXPENSES \$

810191

(Exhibit C)

### CASH PROFIT

INCOME FOR THE MONTH (TOTAL FROM EXHIBIT B)

\$

806694

EXPENSES FOR THE MONTH (TOTAL FROM EXHIBIT C)

\$

812202

(Subtract Line C from Line B)

CASH PROFIT FOR THE MONTH

\$

(5508)

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### UNPAID BILLS

PLEASE ATTACH A LIST OF ALL DEBTS (INCLUDING TAXES) WHICH YOU HAVE INCURRED SINCE THE DATE YOU FILED BANKRUPTCY BUT HAVE NOT PAID. THE LIST MUST INCLUDE THE DATE THE DEBT WAS INCURRED, WHO IS OWED THE MONEY, THE PURPOSE OF THE DEBT AND WHEN THE DEBT IS DUE. (THE U.S. TRUSTEE MAY WAIVE THIS REQUIREMENT.)

TOTAL PAYABLES \$

(Exhibit D)

\$68,000 trade vendors are currently due weekly

### MONEY OWED TO YOU

PLEASE ATTACH A LIST OF ALL AMOUNTS OWED TO YOU BY YOUR CUSTOMERS FOR WORK YOU HAVE DONE OR THE MERCHANDISE YOU HAVE SOLD. YOU SHOULD INCLUDE WHO OWES YOU MONEY, HOW MUCH IS OWED AND WHEN IS PAYMENT DUE. (THE U.S. TRUSTEE MAY WAIVE THIS REQUIREMENT.)

TOTAL RECEIVABLES \$

(Exhibit E)

N/A.

### BANKING INFORMATION

PLEASE ATTACH A COPY OF YOUR LATEST BANK STATEMENT FOR EVERY ACCOUNT YOU HAVE AS OF THE DATE OF THIS FINANCIAL REPORT OR HAD DURING THE PERIOD COVERED BY THIS REPORT.

(Exhibit F)

### EMPLOYEES

NUMBER OF EMPLOYEES WHEN THE CASE WAS FILED?

NUMBER OF EMPLOYEES AS OF THE DATE OF THIS MONTHLY REPORT?

251  
194

### PROFESSIONAL FEES

#### BANKRUPTCY RELATED:

PROFESSIONAL FEES RELATING TO THE BANKRUPTCY CASE PAID DURING THIS REPORTING PERIOD?

\$

TOTAL PROFESSIONAL FEES RELATING TO THE BANKRUPTCY CASE PAID SINCE THE FILING OF THE CASE?

\$

#### NON-BANKRUPTCY RELATED:

PROFESSIONAL FEES NOT RELATING TO THE BANKRUPTCY CASE PAID DURING THIS REPORTING PERIOD?

\$

TOTAL PROFESSIONAL FEES NOT RELATING TO THE BANKRUPTCY CASE PAID SINCE THE FILING OF THE CASE?

\$

0  
45,000

0  
0

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### PROJECTIONS

N/A

COMPARE YOUR ACTUAL INCOME AND EXPENSES TO THE PROJECTIONS FOR THE FIRST 180 DAYS OF YOUR CASE PROVIDED AT THE INITIAL DEBTOR INTERVIEW.

	Projected	Actual	Difference
INCOME	\$ _____	\$ _____	\$ _____
EXPENSES	\$ _____	\$ _____	\$ _____
CASH PROFIT	\$ _____	\$ _____	\$ _____

TOTAL PROJECTED INCOME FOR THE NEXT MONTH: \$ \_\_\_\_\_

TOTAL PROJECTED EXPENSES FOR THE NEXT MONTH: \$ \_\_\_\_\_

TOTAL PROJECTED CASH PROFIT FOR THE NEXT MONTH: \$ \_\_\_\_\_

### ADDITIONAL INFORMATION

PLEASE ATTACH ALL FINANCIAL REPORTS INCLUDING AN INCOME STATEMENT AND BALANCE SHEET WHICH YOU PREPARE INTERNALLY.

**P3 Foods, Inc.**

**Note to Cash Basis Income Statement**

The Bottom Line on the Cash Basis Income Statement reflects the Net Cash Flow Loss not unusual of a minor amount of \$5,508 for the month of January, 2017 for 9 Stores for locations in Minnesota in the dead of winter while the Net Income from Operations discloses a Net Cash Profit Income of \$31,632. The minor loss was caused by earlier note payments.

P3 Foods, LLC

Debtor in Possession

Consolidated and Individual Store Income Statement Cash Basis

January 1 - January 31, 2017

(See Notes to Income Statement)

Store Numbers	All Stores	% to Sales	139	% to Sales	2423	% to Sales	2794	% to Sales	2920	% to Sales	3519	% to Sales	3970	% to Sales	4006	% to Sales	4669	% to Sales	13662	% to Sales
Gross Sales	\$ 806,684	100.00%	\$ 141,532	100.00%	\$ 100,741	100.00%	\$ 74,355	100.00%	\$ 90,322	100.00%	\$ 86,227.00	100.00%	\$ 84,489	100.00%	\$ 69,033	100.00%	\$ 73,946.00	100.00%	\$ 86,149.00	100.00%
Cost of Goods Sold	\$ 233,710	28.97%	\$ 51,960	36.71%	\$ 29,069	28.86%	\$ 21,091	28.37%	\$ 22,380	24.67%	\$ 22,871	26.52%	\$ 22,803	26.99%	\$ 22,027	31.91%	\$ 20,161	27.30%	\$ 21,448	24.90%
Gross Profit	\$ 572,974	71.03%	\$ 89,572	63.29%	\$ 71,672	71.14%	\$ 53,264	71.63%	\$ 68,042	75.33%	\$ 63,356	73.48%	\$ 61,686	73.01%	\$ 47,006	68.09%	\$ 53,685	72.70%	\$ 64,701	75.10%
Labor																				
Store Managers																				
Crew	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
Regional Managers	\$ 226,974	28.14%	\$ 24,902	17.59%	\$ 32,775	32.53%	\$ 24,220	32.57%	\$ 26,600	29.45%	\$ 26,377	30.59%	\$ 23,967	28.37%	\$ 17,282	25.03%	\$ 23,764	32.18%	\$ 27,087	31.44%
General Managers	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
General Managers	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
CEO	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
CEO Expenses	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
Payroll Taxes	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
Total Labor	\$ 226,974	28.14%	\$ 24,902	17.59%	\$ 32,775	32.53%	\$ 24,220	32.57%	\$ 26,600	29.45%	\$ 26,377	30.59%	\$ 23,967	28.37%	\$ 17,282	25.03%	\$ 23,764	32.18%	\$ 27,087	31.44%
Burger King Expenses																				
Royalties	\$ 55,315	6.86%	\$ 5,333	3.77%	\$ 4,458	4.43%	\$ 6,460	8.69%	\$ 3,454	3.82%	\$ 7,356	8.53%	\$ 7,722	9.14%	\$ 6,822	9.88%	\$ 6,411	8.68%	\$ 7,299	8.47%
Rent	\$ 13,245	1.64%	\$ 15,000	10.60%	\$ -	0.00%	\$ 10,834	14.57%	\$ 12,500	13.84%	\$ 15,000	17.40%	\$ 15,000	17.75%	\$ 12,500	18.11%	\$ 11,666	15.80%	\$ 14,334	16.44%
Real Estate Taxes	\$ 19,907	2.47%	\$ 2,217	1.57%	\$ -	0.00%	\$ 2,159	2.90%	\$ 2,834	3.14%	\$ 2,372	2.75%	\$ 3,017	3.57%	\$ 3,230	4.68%	\$ 2,024	2.74%	\$ 2,054	2.38%
Advertising/Invoicing	\$ 70,755	8.77%	\$ 11,761	8.31%	\$ 9,130	9.06%	\$ 6,473	8.71%	\$ 7,588	8.40%	\$ 7,482	8.68%	\$ 7,739	9.15%	\$ 6,785	9.83%	\$ 6,422	8.70%	\$ 7,375	8.56%
BK Lump Sum Payments	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
Total Burger King Expenses	\$ 252,811	31.34%	\$ 34,311	24.46%	\$ 13,588	13.49%	\$ 25,526	34.87%	\$ 26,376	29.40%	\$ 32,210	37.35%	\$ 33,478	39.62%	\$ 29,337	42.50%	\$ 26,523	35.92%	\$ 31,062	36.06%
General & Administrative Expenses																				
Credit Card & Bank Charges	\$ 13,109	1.63%	\$ 4,030	2.85%	\$ 1,225	1.22%	\$ 997	1.34%	\$ 1,190	1.32%	\$ 1,064	1.23%	\$ 1,421	1.68%	\$ 1,324	1.92%	\$ 1,287	1.74%	\$ 571	0.66%
Office	\$ 3,431	0.43%	\$ 3,369	2.38%	\$ -	0.00%	\$ -	0.00%	\$ 62	0.07%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
Payroll Processing-All Stores	\$ 726	0.09%	\$ 263	0.19%	\$ 174	0.17%	\$ -	0.00%	\$ 107	0.12%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ 182	0.25%	\$ -	0.00%
License & Permits	\$ 804	0.10%	\$ 356	0.25%	\$ 56	0.05%	\$ 56	0.08%	\$ 56	0.06%	\$ 56	0.06%	\$ 56	0.07%	\$ 56	0.08%	\$ -	0.00%	\$ 112	0.13%
Insurance	\$ 493	0.06%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ 495	0.57%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
Accounting & Financial Services	\$ 14,705	1.82%	\$ 2,058	1.45%	\$ 1,880	1.87%	\$ -	0.00%	\$ 1,687	1.87%	\$ 1,838	2.13%	\$ 1,838	2.18%	\$ 1,644	2.38%	\$ 1,678	2.27%	\$ 2,082	2.42%
Maintenance & Repairs	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
Sawyer	\$ 4,614	0.57%	\$ 189	0.13%	\$ 224	0.22%	\$ -	0.00%	\$ 540	0.60%	\$ 1,148	1.33%	\$ 534	0.63%	\$ 465	0.67%	\$ 813	1.10%	\$ 701	0.81%
Snow Plow	\$ 296	0.04%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ 296	0.34%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
SICOM (POS System)	\$ 1,295	0.16%	\$ -	0.00%	\$ 285	0.28%	\$ -	0.00%	\$ 71	0.08%	\$ -	0.00%	\$ 344	0.41%	\$ 317	0.46%	\$ 306	0.41%	\$ 306	0.36%
Uniforms	\$ 2,037	0.25%	\$ 186	0.14%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ 1,295	1.50%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
Utilities/Comcast	\$ 5,512	0.69%	\$ 1,112	0.79%	\$ 976	0.97%	\$ 406	0.55%	\$ 636	0.70%	\$ 305	0.35%	\$ 672	0.80%	\$ 746	1.08%	\$ 338	0.46%	\$ 106	0.12%
Rent	\$ 9,000	1.12%	\$ -	0.00%	\$ 9,000	8.93%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ 321	0.37%
Real Estate Taxes	\$ 1,927	0.24%	\$ -	0.00%	\$ 1,927	1.91%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
Equipment Rental	\$ 1,663	0.21%	\$ 44	0.03%	\$ 880	0.87%	\$ 460	0.62%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ 279	0.32%
Pest Control	\$ 324	0.04%	\$ -	0.00%	\$ 279	0.28%	\$ 45	0.06%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
Security	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
Total General & Administrative Expenses	\$ 61,567	7.63%	\$ 11,617	8.21%	\$ 17,086	16.96%	\$ 2,746	3.69%	\$ 4,645	5.14%	\$ 6,497	7.53%	\$ 4,865	5.76%	\$ 4,532	6.59%	\$ 5,081	6.88%	\$ 3,785	4.39%
Cash Net Income from Operations	\$ 31,632	3.92%	\$ 18,742	13.24%	\$ 8,223	8.15%	\$ 372	0.50%	\$ 10,421	11.54%	\$ (1,718)	-2.00%	\$ (614)	-0.74%	\$ (4,165)	-6.03%	\$ (1,683)	-2.28%	\$ 2,074	2.41%
Note Payments																				
American Express	\$ 15,230	1.9%	\$ 6,432	4.54%	\$ 4,656	4.62%	\$ -	0.00%	\$ 4,142	4.59%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
Elements	\$ 16,252	2.0%	\$ 1,427	1.01%	\$ 4,836	4.80%	\$ 1,427	1.93%	\$ 1,427	1.58%	\$ 1,427	1.65%	\$ 1,427	1.69%	\$ 1,427	2.07%	\$ 1,427	1.93%	\$ 1,427	1.65%
Leaf	\$ 747	0.1%	\$ 83	0.06%	\$ 83	0.08%	\$ 83	0.11%	\$ 83	0.09%	\$ 83	0.10%	\$ 83	0.10%	\$ 83	0.12%	\$ 83	0.11%	\$ 83	0.10%
NFA	\$ 4,911	0.6%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ 4,911	5.44%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
Total Note Payments	\$ 37,140	4.60%	\$ 7,942	5.61%	\$ 9,575	9.50%	\$ 1,510	2.03%	\$ 10,563	11.69%	\$ 1,510	1.75%	\$ 1,510	1.79%	\$ 1,510	2.19%	\$ 1,510	2.04%	\$ 1,510	1.75%
Net Cash Flow	\$ (5,508)	-0.68%	\$ 10,800	7.63%	\$ (1,352)	-1.34%	\$ (1,138)	-1.53%	\$ (142)	-0.16%	\$ (3,238)	-3.76%	\$ (2,134)	-2.53%	\$ (5,675)	-8.22%	\$ (3,193)	-4.32%	\$ 584	0.65%

Note: This Consolidated and Individual Store Income Statement was prepared on a cash basis with supporting documentation from Actual January 2017 Bank Statements obtained from US Bank.

P3, LLC  
Balance Sheet  
(Debtor in Possession)  
January 31, 2017  
(See Notes to Balance Sheet)

Assets		Liabilities and Capital	
Current Assets		Current Liabilities	
Cash on Hand		Accounts/Notes Payable-Pre Filing	\$ 2,471,022
Store 139	\$ 1,400		
Store 2423	\$ 1,400		
Store 2794	\$ 1,400		
Store 2920	\$ 1,400		
Store 3519	\$ 1,400		
Store 3970	\$ 1,400		
Store 4006	\$ 1,400		
Store 4669	\$ 1,400		
Store 13662	\$ 1,400		
Total Cash on Hand	\$ 12,600		
Cash in Bank			
Main	\$86,768.19		
Store 139	\$109,887.45		
Store 2423	\$46,767.25		
Store 2794	\$28,330.09		
Store 2920	\$38,474.87		
Store 3519	\$32,687.83		
Store 3970	\$47,434.04		
Store 4006	\$40,620.67		
Store 4669	\$28,170.65		
Store 13662	\$24,609.78		
Total Cash in Bank	\$ 483,751		
Total Current Assets	\$ 496,351	Total Current Liabilities	\$ 2,471,022
Fixed Assets			
Furniture, Fixtures & Equipment	\$ 1,047,572		
Auto	\$ 22,000		
Total Fixed Assets	\$ 1,069,572		
Leasehold Improvements	\$ 322,473		
Franchise Fee	\$ 25,000	Capital	\$ (582,626)
Total Assets	\$ 1,888,396	Total Liabilities & Capital	\$ 1,888,396

#### Notes to Balance Sheet

has been adjusted to the Cash Basis method of Accounting

As soon as the court order was signed on October 8, 2016 employing Aldridge Chaseswater, LLC, Joan deSouza Frank Phelps as accounting and business consultants, the added task of reconstructing the formal books of accounts began to emerge. Starting September 22, 2016 the task of reconstructing the books began prior to the court order by focusing on balances owed to all creditors, making sure payroll for +250 employees was properly taken care of including making sure all payroll taxes were all current, sanitation measures were all current, sanitation measures were properly carried out, and in compliance with applicable laws, studying an efficient electronic accounting reporting system to be installed, a necessity to protect the financial investment made by all. Since date of filing on October 6, 2016 the process has been accelerated.

Please note that no reliable historical books of accounts exist and therefore beginning October 6, 2016 and continuing forward are being developed and thus requiring further amendments to presented financial statements may occur from time to time as further information unfolds.

#### Current Assets

**Cash on Hand** as shown is kept at each store in a secured manner under control of each store manager and is signed off daily as counted each evening.

**Cash in Bank** as shown has been verified with US Bank demonstrated by a paper trail bank statement and transaction Journal prepared independently by US Bank and signed off by a banking official.

**Inventory** is not shown but rather expensed off to each store because there is very little shelf life that can be assigned to either perishable there is very little shelf life that can be assigned to either perishable food and paper items.

**Fixed Assets , Leasehold Improvements and Franchise Fee** have not been depreciated or amortized at this point in time until such time as an inventory can be concluded disclosing purchase can be concluded disclosing purchase can be concluded disclosing purchase dates and a detailed list of said assets,

#### Other Assets

The amount due from Peterson has been estimated until investigation is completed determining the correct amount to be recovered

#### Liabilities

All creditors' amounts due were taken from court records and/or company records and will be amended from time to time as new information surfaces.

#### Capital

Because no reliable historical records are available, the amount so stated will be amended once new data can be verified.